

UNDERSTANDING AND CONDUCTING MARKET RESEARCH FOR HEALTH CARE SERVICES

▶ **WHAT IS MARKET RESEARCH?**

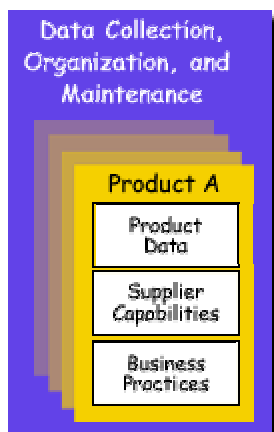
Market research is the process of collecting, organizing, maintaining, analyzing, and presenting data that enables activities to achieve the best value acquisition of health care providers to meet their needs.

It is a continuous process designed to gather data on health care services, market capabilities, and the business practices associated with them.

Within DoD, market research involves the collection and analysis of information about the market that can be used to determine whether products or services are available in the commercial market that can support mission objectives.

Because the commercial health care marketplace is highly dynamic, market data should be collected frequently to enable the MTF to leverage commercial health care services.

Finally, market research involves the documentation of the data collected and its presentation in a way that facilitates acquisition decisions.



► WHY DO MARKET RESEARCH?

As we enter the twenty-first century, the DoD health care community must acquire and provide health care services faster and more efficiently. Market research is absolutely essential to achieve these objectives. The purpose of market research is to obtain data that provides information to support the development of acquisition requirements and strategies, facilitates acquisition documentation leading to acquisition decisions, and satisfies Federal mandates for assessing the commercial marketplace. The bottom line is that market research is the key to leveraging commercial health care products and services in solving complex beneficiary service challenges.

... to help define requirements and strategies.

Market research is just common sense in today's health care acquisition environment. We must assess the potential of the commercial health care marketplace to meet mission requirements. The data collected will enable the acquisition community to determine:

- **availability** - whether products or services are available in the commercial marketplace to support mission requirements;
- **technology** - whether advanced technology can be applied to, planned, or inserted into in-place health care delivery systems;
- **cost** - the lowest cost alternatives available to meet customer requirements;
- **adaptation** - whether commercial practices regarding customizing, modifying products or tailoring services are available to meet customer needs;
- **terms and conditions** - the customary terms and conditions, including warranty, buyer financing, and discounts under which commercial sales are made;
- **competition** - how competitive the market is;
- **impact** - the impact of the commercial practice on safety, security, and current MTF practices.

... to support acquisition documentation and decisions.

Market research information can be used to define and document your health care mission and operational requirements, milestone decision documents, the performance work statement, to develop the terms and conditions included in the contract, and the evaluation factors used for source selection.

Market Research Supports
the Development of:

- System Requirements
- Acquisition Strategy
- Contractual Documents
- Support Plans
- Test Plans
- Milestone Decisions

.. because it is mandated.

Finally, the use of the commercial marketplace makes sense, not only from cost, schedule, and technology considerations; it is also required by law. The Federal Acquisition Streamlining Act of 1994 (FASA) requires that federal agencies, to the extent practicable buy commercial items and services to meet agency needs.

In summary, thorough market research provides the basis for:

- identifying opportunities for using commercial services to meet your health care staffing needs,
- writing performance work statements which allow companies to offer their commercial health care services in consonance with commercial practice,
- crafting acquisition strategies, solicitations, and contracts that accommodate and take advantage of commercial business practices and encourage commercial competition, and
- complying with Federal mandates.

► **WHEN IS MARKET RESEARCH DONE?**

Market research is a **continuous** effort performed throughout the acquisition process. It begins with the mission needs statement and continues until the end of the requirement. In all cases, the timing, depth, and extent of market research efforts should be in consonance with the value and complexity of the procurement, and the scope of such efforts will vary, depending upon the type and amount of information needed at different points.

Market research has two phases: market surveillance and market investigation.

- **Market surveillance** is an ongoing process. It includes all the activities that acquisition personnel must perform on a continuing basis to stay abreast of technology and health care delivery dynamics in their areas of expertise.
- **Market investigation** is more focused and detailed. It is conducted in response to a specific need for health care services.

Concept Exploration

Market research is done early in the acquisition process, before the requirements document is validated and approved, for example, to provide information about available commercial alternatives to satisfy mission needs. At this stage it is possible

to compare the user's need to the capabilities of the commercial market and determine:

- the availability of commercial health care services to meet the requirement as is;
- the ability of vendors to modify their services to meet the user's requirement;
- the flexibility of users to modify their requirements to allow the purchase of commercial services;
- budget and schedule requirements from projections of if and when commercial items and practices will be available; and
- a preliminary acquisition strategy.

Who should be involved in market research?

The contracting office and health care organizations do not have a market research career specialty or organizational functions dedicated to market research. As can be seen from the scope of acquisition decisions based on market research, information is required on multiple functional areas. Therefore, health care providers, health care administrators as well as acquisition personnel may be required to assist in the market research effort. The market research team should be tailored to the organization involved in the acquisition, the nature of the acquisition, and the phase of the acquisition process. In other words, the composition of the team is determined by the information needed to successfully support the acquisition decision, e.g.,

- the type of performance objectives and the value.
- standard business practices.

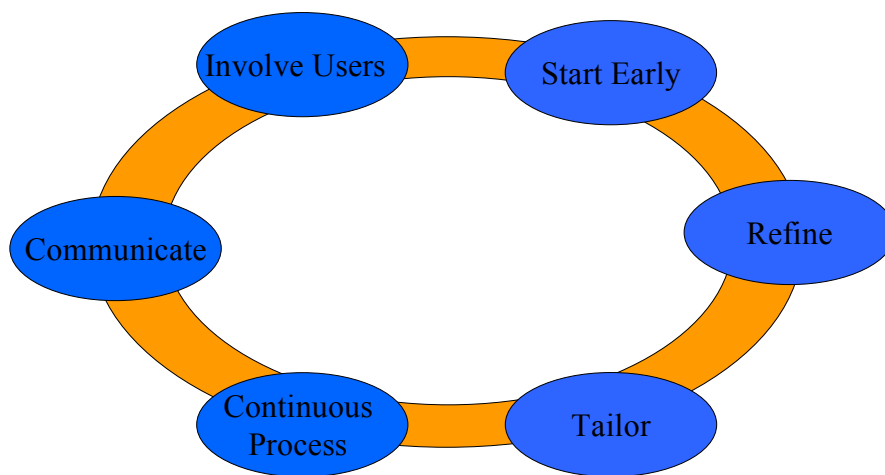
The team is responsible for:

- determining the information required
- gathering the information
- analyzing and presenting the information

Principles:

Market Research for Commercial Items identifies six core principles for market research, illustrated below that apply regardless of when it is conducted or the product or services being addressed. These principles must be considered in organizing and carrying out the market research effort.

Principles of Market Research



MARKET SURVEILLANCE

Market Surveillance is an essential process for developing and sustaining a knowledge base on relevant health care services and technologies relevant to your acquisition....

► WHAT IS MARKET SURVEILLANCE?

Market surveillance helps you develop the necessary knowledge and understanding of health care services and technologies available in the markets relevant to your acquisition. It is an ongoing process, not necessarily aimed at a specific acquisition, but at the accumulation of a knowledge base that becomes the foundation from which you pursue a more focused market investigation.

In essence, market surveillance is about being in tune with the health care markets you are buying from and staying abreast of emerging technologies, new products

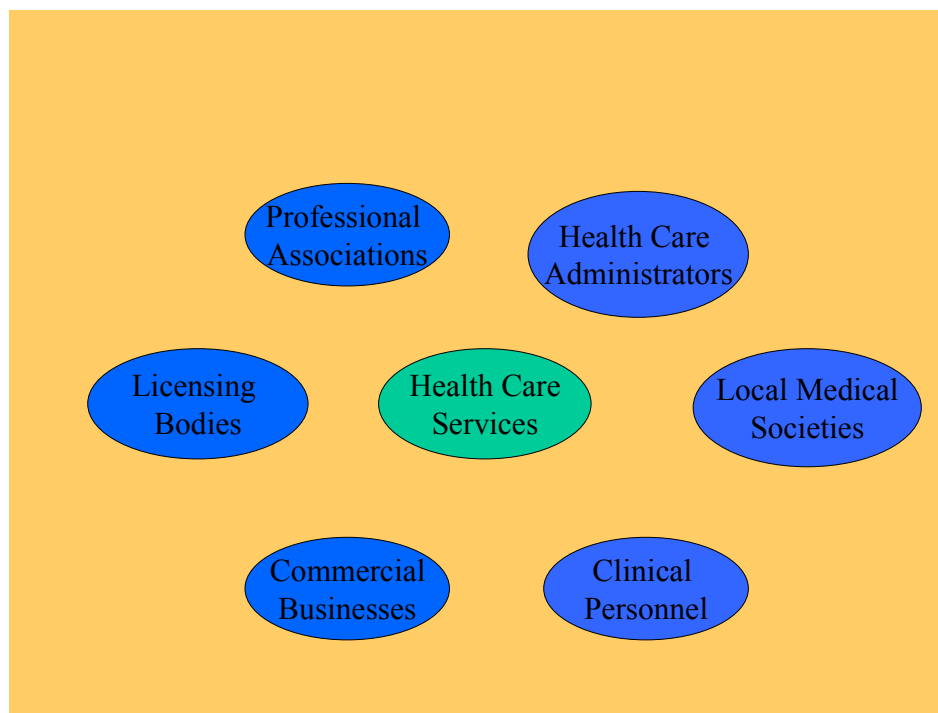
and services, and industry standards. Its ultimate objective is to help you craft acquisition strategies and performance-based requirements with a clear understanding of the market-related risks and benefits, with confidence in the ability and motivation of the market to deliver.

Surveillance keeps you in tune with trends and emerging developments in your health care related markets...

...which help shape the definition of your service requirements.

Where do I start....?

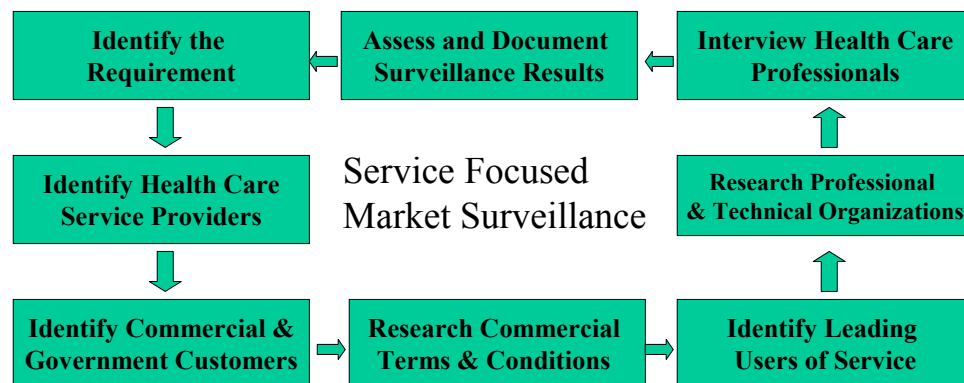
Defining the subjects to be researched is the first step in focusing your general market surveillance efforts. The diagram below illustrates the wide variety of subjects that might apply to your surveillance effort whether your requirement is expressed in terms of physician services or ancillary health care services. The nature and maturity of your acquisition will dictate the appropriate subjects for surveillance, as will, naturally, the specific characteristics and structure of each health care market.



Service-Focused Market Surveillance

The following steps illustrate a process for defining surveillance subjects by beginning with the identification of relevant commercially available health care services. Following the exact sequence below is not particularly important, but is shown to demonstrate a typical continuous process and the complex inter-relationships within a market. A detailed discussion of available resources will follow in a subsequent section of this module.

1. **Identify the requirement for surveillance.** Identify the type of health care service and performance requirements for which the surveillance is to be performed. It will make sense to think of the *types* of services that would address the mission and operating environment when formulating a set of requirements.



2. **Identify Potential Sources.** With the assistance of your customer, identify health care provider sources that can provide the type of service required. Use of Pro-Net ® at this stage is desirable as it can also identify small business capabilities.

3. **Research primary commercial and government customers of the services.** Identify who is buying this type of health care service and the make-up and distribution of the customer base. This will help identify which customers hold the most influence in the market. Further in-depth market surveillance of these organizations may reveal potential opportunities to leverage existing contracts,

which offer these services and realize cost/schedule savings, especially for government customers. It will also identify opportunities for surveying and interviewing users for lessons learned from first-hand experience.

4. Research the terms and conditions found in the commercial sector.

These include those primary terms and conditions, which are key to the performance, functionality, and quality of the service.

5. Identify leading health care organizations and contractors adapting these terms and conditions into their services. Identify those organizations or individuals who are the industry leaders in adapting these practices into products and services. The objective here is to be able to subsequently monitor these activities for further emerging product developments and trends.

6. Research Professional and Technical Organizations. Researching professional bodies such as the American Board of Anesthesiologists or American Nursing Association can provide a wealth of information regarding a specific type of provider. The organizations typically have web sites that can be searched for information (see list of related web sites).

7. Interview Health Care Professionals. Talking with health care professionals within your own organization is good place to focus your health care market surveillance. They are knowledgeable of the treatment practices within your agency and industry and can provide you with contacts outside your immediate treatment facility. Your discussions can be with individuals with a wide variety of backgrounds to include: professional organizations, health care organizations, and accrediting and licensing organizations.

*Using Market Surveillance to identify existing services and product leveraging opportunities...
...can result in significant risk reduction and cost/schedule savings.*

► MARKET SURVEILLANCE RESOURCES

It's important to take advantage of the available market research that has already been documented and compiled by other sources.

Categories of Market Surveillance Resources

Market research resources generally fall into one of three categories:

1. primary research sources
2. secondary research sources
3. personal research and contacts.

Primary Research Sources

Primary research consists of direct contact of companies through surveys, interviews, conferences, etc. It is the most expensive and time consuming of the market research techniques.

Secondary Research Sources

Secondary research consists of computer-based and on-line sources and directories, including a wide variety of industry-specific databases, and professional market research services. For example, you can search for physician organizations on-line, as well as nursing and other ancillary providers. Extensive search engines in these on-line resources allow the user to view information on a subject by entering keywords. Appendix A, "Related Links," suggest related web sites that may help you do market surveillance. While far from complete, it provides examples of the broad range of resources currently available.

Personal Research and Contacts

A good base for market surveillance is subscribing to, and regularly reading, trade journals for the health care market and maintaining active membership in professional societies. Personal contacts are another valuable source of information. Identify your counterparts in the other DoD components, VA Hospitals, and the private health care industry. You can exchange tips and information with those contacts to stay networked to the latest industry trends.

Other valuable contacts are the health care providers and administrators who utilize your services. If your specialty area lends itself to dialogue with your customers, they often can alert you to industry trends that meet their needs. The users, who have a vital interest in getting good, timely health care staffing support, frequently are very well informed and welcome your interest.

Industry representatives also can provide valuable information. Discussions with other users can help you get a better feel for the realities of the health care industry than you can get by relying solely on advertising brochures and sales pitches. Such discussions can help you gauge retention prowess and recruitment capability, which can be just as important to the Department as service characteristics. Industry shows, health care conferences, and symposia in your service area are good sources of information. Talk to the business representatives at these affairs.

Also, check with your hospital's library. They have the skill, experience, and resources to locate needed data and often have access to health care organizations that your hospital is affiliated with or a member of.

Sources for Healthcare Related Information

Dentistry

- [American Dental Association](#)
- [Academy of General Dentistry](#)
- [American Board of Oral & Maxillofacial Surgery](#)
- [American Board of Periodontology](#)
- [American Academy of Periodontology](#)

Pharmacy

- [American Society of Health System Pharmacists](#)
- [American Association of Colleges of Pharmacy](#)
- [American College of Clinical Pharmacy](#)
- [American Council on Pharmaceutical Education](#)
- [Academy of Managed Care Pharmacy](#)
- [American Pharmaceutical Association](#)
- [American Society of Consultant Pharmacists](#)
- [Council on Credentialing in Pharmacy](#)
- [Board of Pharmaceutical Specialties](#)
- [RxList - The Internet Drug Index](#)

Physicians

- [Accreditation Council for Graduate Medical Education](#)
- [American Board of Allergy & Immunology](#)
- [American Board of Anesthesiology](#)
- [American Board of Colon & Rectal Surgery](#)

Physicians

- [American Board of Dermatology](#)
- [American Board of Emergency Medicine](#)
- [American Board of Family Practice](#)
- [American Board of Internal Medicine](#)
- [American Board of Medical Genetics](#)
- [American Board of Medical Specialties](#)
- [American Board of Neurological Surgery](#)
- [American Board of Nuclear Medicine](#)
- [American Board of Obstetrics & Gynecology](#)
- [American Board of Ophthalmology](#)
- [American Academy of Orthopaedic Surgery](#)
- [American Board of Orthopaedic Surgery](#)
- [American Osteopathic Association](#)
- [American Board of Otolaryngology](#)
- [American Board of Pathology](#)
- [American Board of Pediatrics](#)
- [American Society of Pediatric Otolaryngologists](#)
- [American Board of Physical Medicine & Rehabilitation](#)
- [American Board of Plastic Surgery](#)
- [American Board of Podiatric Surgery](#)
- [American College of Preventive Medicine](#)
- [American Psychiatric Association](#)
- [American Board of Psychiatry & Neurology](#)
- [American Board of Radiology](#)
- [American Board of Surgery](#)

Physicians

- [American Board of Thoracic Surgery](#)
- [American Board of Urology](#)

Physician Assistants

- [Accreditation of Physican Assistant Programs](#)
- [American Academy of Physician Assistants](#)
- [NCCPA - National Commission on Certification of Physician Assistants](#)

Psychology

- [American Board of Professional Psychology](#)
- [American Psychological Association](#)
- [American Psychological Society](#)

Nursing

- [American Association of Nurse Anesthetists](#)
- [American Nursing Association](#)
- [American Academy of Nurse Practitioners](#)
- [American Psychiatric Nurses Association](#)
- [Emergency Nurses Association](#)
- [National League for Nursing](#)
- [National Council of States Board of Nursing](#)

Allied Health Services

- [American Dietetic Associations](#)
- [American Academy of Optometry](#)

Allied Health Services

- [Association of Schools & Colleges of Optometry](#)
- [American Physical Therapy Association](#)
- [American Society of Radiologic Technologists](#)
- [American Registry of Diagnostic Medical Sonographers](#)
- [Commission on Accreditation of Ambulance Services](#)
- [Commission of Accreditation of Allied Health Education Programs](#)

Allied Health Services

- [Clinical Laboratory Technicians](#)
- [American Board of Examiners in Clinical Social Work](#)
- [Midwives Alliance of North American](#)
- [Federation of State Boards of Physical Therapy](#)
- [American Association of Respiratory Care](#)
- [Board of Chiropractic Examiners](#)

Health Care Administration

- [American College of Healthcare Executives](#)
- [American Journal of Managed Care](#)
- [Journal of the American Medical Association](#)
- [Journal of Health Politics, Policy and Law](#)
- [American Hospital Association](#)
- [Council on Graduate Medical Education](#)
- [Centers for Medicare & Medicaid Services](#)
- [JCAHO](#)

- [New England Journal of Medicine Online](#)
- [Centers for Disease Control](#)
- [Health Affairs Homepage](#)
- [US Federal Medicine News](#)
- [America's Health Care Source](#)
- [National Board of Medical Examiners](#)
- [ECFMG - Educational Commission for Foreign Medical Graduates](#)
- [National Accrediting Agencies](#)
- [American Board of Medical Specialties](#)

Salary Compensation Information

- [Salary.com](#)
- [BLS National Compensation Survey](#)
- [Wageweb.com](#)
- [The Salary Calculator](#)
- [Salary Wizard](#)

Acquisition Sites

- [acqnet.saalt.army](#)
- [FARSITE](#)
- [Past Performance Information Management System \(PPIMS\)](#)
- [Where in Federal Contracting?](#)
- [Links to Performance Based Acquisition Sites](#)
- [Pro-Net.SBA](#)
- [Central Contractor Registration \(CCR\)](#)

Acquisition Sites

- [Requesting a Duns Number](#)
- [Health Care Acquisition Activity](#)
- [ARNet](#)
- [Commercial Terms & Conditions](#)
- [Naval Medical Logistics Command](#)
- [VA FSS Medical Service Contracts](#)